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MEDICAID MEMO

TO: Virginia Medicaid Participating Acute Care,
Rehabilitation, and Psychiatric Hospitals (Acute and
Free-Standing), Residential Treatment Facilities,
and Emergency Land and Air Ambulance Providers

FROM: Patrick W. Finnerty, Director
Department of Medical Assistance Services

DATE: 2/12/2007

SUBJECT: National Provider Identifier (NPI) Update: DMAS Requirements for National
Taxonomy Codes

The purpose of this Medicaid Memorandum is to update DMAS participating providers about the Department of Medical Assistance Services' (DMAS) National Provider Identifier (NPI) implementation regarding the use of National Taxonomy Codes. DMAS has adopted the NPI as the standard for identifying all participating providers on all transactions (Automated Response System, Claims, Prior Authorizations), including paper claims, for all DMAS Programs (Medicaid, FAMIS, SLH, and TDO). Participating DMAS providers who are not defined as health care providers by CMS (http://www.dmas.virginia.gov/npi-home_page.htm) and therefore ineligible to obtain an NPI will be issued a Virginia Medicaid specific API (Atypical Provider Identifier) that will be used in the same manner as an NPI.

What is Taxonomy?

The term "taxonomy" is used to refer to the orderly classification of things. Here it refers to the classification of health care providers by the assignment of a 10-character code to categorize provider service type. Examples include:

- Home Health Agency, **251E00000X**
- Hospital - General, **282N00000X**
- Durable Medical Equipment/Supply, **332B00000X**

Payors are allowed to require submission of a taxonomy code when it is needed to process a claim. For more information on the HIPAA Health Care Provider Taxonomy code set, including the list of taxonomy codes, visit <http://www.wpc-edi.com/codes/taxonomy>.

For the Federal requirements regarding taxonomy, please refer to HIPAA Implementation Guides for the 004010X096A1 Institutional and 004010X098A1 Professional Health Care Claim transactions.

These Implementation Guides state that the taxonomy code is “*Required when adjudication is known to be impacted by the provider taxonomy code.*” The HIPAA Transaction Set Implementation Guides are available for purchase at <http://www.wpc-edi.com/hipaa>.

With the implementation of the NPI/API, DMAS will require some providers to include a taxonomy code on their claims submissions to DMAS to ensure proper payment of their claims.

Why is Taxonomy Necessary?

Prior to using the NPI/API, DMAS assigned a unique legacy Medicaid provider number to a provider for each of the service types being billed. However, with the NPI/API, a provider may bill for more than one service type under a single NPI. Since claims are adjudicated and paid based on the provider service type, our system must determine which service type for the provider should be assigned to a particular claim. If the NPI represents more than one service type, a taxonomy code must be submitted so the appropriate service type can be identified.

Which DMAS Providers are Impacted by Taxonomy?

DMAS will require taxonomy codes on claim submissions in situations where providers have not enumerated (or itemized) with separate NPIs, based on the type of service being provided. DMAS recommends that, if possible, organizational providers obtain an NPI for each service type. This eliminates the need to send a taxonomy code and removes any question about which service type is involved. If you are receiving this memo and you have not subparted, you are required to submit a taxonomy code that identifies the specific service type for which you are billing.

For example, if a hospital obtains a single NPI, then DMAS will require the hospital to submit taxonomy code to distinguish between claim submissions for the acute care portion of the facility, the rehabilitation unit, and transportation services.

Some examples of providers that will need to submit taxonomy codes if they have one NPI:

- Pharmacy and DME
- Hospital Acute Care and Hospital Rehabilitation
- Hospital Acute Care and Emergency Ambulance Transportation

We have attached the current list of provider types and taxonomy codes who may be required to submit taxonomy codes on their claims submissions. However, providers should periodically visit http://www.dmas.virginia.gov/downloads/pdfs/npi_DMAS_TaxonomyCodeSummary.pdf to review the most current list of who is required to submit taxonomy codes on their claims.

Which DMAS Providers are not Impacted by Taxonomy?

Most physicians/fee-for-service practitioners are not impacted by taxonomy, however there are some exceptions. Exceptions include:

- Professional groups sharing one organization NPI with a parent Hospital/Facility
- Mental Health/Mental Retardation Services
- Services for Waiver Recipients

This list of exceptions is subject to change and providers should visit http://www.dmas.virginia.gov/downloads/pdfs/npi_DMAS_TaxonomyCodeSummary.pdf to review the current list of who is required to submit taxonomy codes.

Paper Claim Submissions and Taxonomy Codes

- On a CMS-1500 claim, there may be one taxonomy code per service line. Please refer to the October 17, 2006 Medicaid Memo regarding General Billing Instructions for the New CMS-1500 (08-05) Form – Effective October 1, 2006, which is available at http://www.dmas.virginia.gov/pr-medicaid_memos_providers.htm.
- On a UB-04 claim, there may only be one taxonomy code per bill. Please watch for an upcoming Medicaid Memo regarding General Billing Instructions for the new UB-04 Form.
- Refer to the Virginia Medicaid Provider Manual for instructions on how to submit Taxonomy Codes on your paper claim submissions: http://www.dmas.virginia.gov/prm-provider_manuals.htm.

Electronic Data Interchange (EDI) Claims and Taxonomy Codes

- On 837 electronic claim transactions, the taxonomy code is submitted in the PRV Segment of the 2000A Billing Provider Loop and/or the PRV segment of the 2420A Rendering Provider loop.
- Refer to the Companion Guides for instructions on how to submit Taxonomy Codes on your electronic claim submissions: <https://virginia.fhsc.com/hipaa/CompanionGuides.asp>.

Other Claims Submission Information

- While a taxonomy code is not always required, it can always be sent. It will only be used when needed.
- An NPI Taxonomy Summary document, which includes a crosswalk of DMAS Recommended Taxonomy Codes by Service Type, is available on the DMAS website at: http://www.dmas.virginia.gov/npi-whats_new.htm.
- If claims are denied because of the need for a taxonomy code or an invalid taxonomy code, DMAS will indicate this by use of new Reject Codes for paper remittances, and use of standard Remark Codes on 835 RA Transactions.

- Rejection Codes:

EDI Remark: Medicaid Edit – Reject

N94: 1359 – Billing Taxonomy Code Does Not Cross-reference to Provider Type

N94: 1392 – Taxonomy Code Does Not Cross-reference to Provider Type

N288: 1393 – No Service Taxonomy Code on the Claim

N255: 1394 – No Billing Provider Taxonomy Code on the Claim

Sharing your NPI

Obtaining your NPI from the National Plan and Provider Enumeration System (NPPES) and sharing your NPI with DMAS are two entirely separate actions. Once providers obtain an NPI from NPPES, they are responsible for sharing their NPI with DMAS and other payors.

As a participating Medicaid health care provider you should have already obtained an NPI from NPPES (<https://nppes.cms.hhs.gov>), and enrolled your NPI with DMAS by responding to the NPI Re-Enrollment Packet or NPI Group Practice Enrollment Packet that was mailed to you.

If you have NOT yet shared your NPI with DMAS, then you need to complete your packet and send it to the First Health Provider Enrollment Unit (PEU) today! For a replacement copy of your NPI Re-Enrollment Packet, contact the First Health PEU at 1-888-829-5373 (In-state toll free) or 1-804-270-5105 (Outside Virginia).

Providers who have questions about the NPI/API or Taxonomy Codes may contact DMAS at NPI@dmass.virginia.gov. Providers who have questions about their enrollment with Virginia Medicaid can call the Provider Enrollment Unit at 1-804-270-5105 (in-state) or 1-888-829-5373 (outside Virginia).

NPI Training and Education

DMAS is conducting Web-Based Q&A sessions on topics associated with NPI such as taxonomy codes, subparts, group enrollment, new paper claim forms and other NPI related topics. Visit the DMAS Learning Network at http://www.dmass.virginia.gov/LN-upcoming_events.htm for additional details on the new “WebEx” Web-Based training and other DMAS training opportunities.

(1) Attachment

DMAS Service Types that REQUIRE a Taxonomy Code on Claims

| Service Type Description | Taxonomy Code(s) |
|--|---|
| Hospital, General | 282N00000X |
| Rehabilitation Unit of Hospital | 273Y00000X |
| Psychiatric Unit of Hospital | 273R00000X |
| Private Mental Hospital (inpatient) | 283Q00000X |
| Rehabilitation Hospital | 283X00000X |
| Psychiatric Residential Inpatient Facility | 323P00000X – Psychiatric Residential Treatment Facility |
| Transportation - Emergency Air or Ground Ambulance | 3416A0800X - Air Transport 3416L0300X – Land Emergency Transport |

Revised: February 5, 2007

If you have a question related to Taxonomy, please e-mail DMAS at NPI@dmass.virginia.gov.